



Closed Door Vote Revealed

Posted by **Pierluigi Oliverio** on Monday, June 27, 2011



San Jose's old City Hall was given to the County of Santa Clara to settle a debt, under the threat of a lawsuit, at a time when both municipalities were experiencing serious financial stress.

As I have shared in prior blogs, issues that are discussed in closed session meetings are supposed to remain confidential until the City Attorney reports out at a public council meeting. Well, that is the way it is supposed to work anyway.

I have wondered how people associated with interest groups speak to issues that were discussed in closed session that have not been made public yet. I will speak to that in another blog.

Votes that happen within closed session are not always unanimous. Just as in open session, councilmembers sometimes vote "yes" and sometimes vote "no." Of course, since the voting takes place behind closed doors, the public does not know how the electeds vote. However, when the Council chooses to enter into litigation, or sometimes when a legal settlement is reached, the vote is reported out at public session.

At the June 21 Council meeting, the City Attorney publicly reported that the settlement with the County of Santa Clara and the Redevelopment Agency (RDA) was recorded and that the vote was 10-1 with Oliverio voting no. This is the settlement that involved Old City

Hall being given to the County due to threatened litigation. In my view the City blinked by giving direction to settle.

To be fair, there was the chaos that RDA was going to end any day, and folks were thinking "how will the City survive?" The County, also fearing the end of RDA, wanted to get what it could before the governor terminated the RDA. San Jose RDA has been paying the County each year, more money than any city RDA pays any county government in the state of California. There were some agreements reached with the County in the past so the RDA could borrow even more money. These terms carried in my opinion loan shark penalties if the RDA was unable to make the full payment—even with the situation of declining property values and thus less RDA tax increment revenue.

There is an old adage that when you owe the bank money the bank controls you, however when you owe the bank a lot of money you control the bank. This was my view of the relationship between the San Jose RDA and the County. I felt we should pay what we could afford to pay at that moment but no more. Thus leaving a small portion of money for economic development, which helps both the City of San Jose and the County of Santa Clara with new private sector jobs, which increases cash flow in the local economy. Charity starts at home and we need to take care of San Jose first as the Old City Hall could have been sold to benefit the general fund.

In addition, the settlement put liens on 18 city properties, which if ever sold require the permission of the County, and probably require paying the County a portion of the proceeds of land sale. An unnecessary shackle for a future city council in making choices.

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